



## OFFICE OF THE GOVERNOR

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MATT BLUNT  
GOVERNOR

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January 11, 2006

TO THE GENERAL ASSEMBLY AND THE PEOPLE OF MISSOURI:

In 2005, I worked with you to move Missouri in a new direction. We have reduced the size of state government by increasing efficiencies and redirecting available resources, and we have enacted a strong package of pro-jobs legislation. As a result of these steps and the job growth that resulted from improvements to the entrepreneurial climate, I am again presenting a balanced budget that does not rely on an increase in job-killing taxes. We have made tough decisions to focus the resources entrusted to us on the core functions and top priorities of state government: education, economic growth and quality jobs, healthcare for children, expectant mothers, seniors and disabled adults, state highway improvements and new construction, energy conservation, life sciences, public safety, agriculture, and service to our veterans.

With my Fiscal Year 2007 budget, our schools will receive full funding for the first year of the new school foundation formula – a good formula that is sensible, equitable and based on students' needs. We also recognize that higher education is an investment and in my budget for next year our two- and four-year public colleges and universities will receive a substantial increase.

As we have moved in a new direction, we have made state government a catalyst for job creation, not a free-spending, tax increasing burden that stifles that growth. Our economy is responding to my administration's pro-jobs, pro-growth policies. On average, we have seen the creation of over 500 new jobs a week since this time last year. My budget will continue our efforts to retrain existing workers, retain jobs in our state, and sell the benefits of doing business in Missouri.

We have an obligation to provide a safety net and assistance for the less fortunate. That is why my budget asks for \$275 million additional state dollars for our state's improved Medicaid program. I am directing resources to child care and to allow our seniors the ability to stay in their homes if they so desire. I am also recommending funding for a new Healthcare Technology Fund to explore ways to reduce administrative burdens, eliminate waste and fraud and improve the quality of care by modernizing Missouri's healthcare delivery system.

The budget I submit to you is built around my belief that our state government, like our families and our businesses, must live within its means. This budget rededicates state government to the noble idea that it should function as an innovative, efficient, and conscientious servant of the people. I look forward to working with all of you to enact the Fiscal Year 2007 budget and needed legislative initiatives.

Sincerely,

A handwritten signature in black ink that reads "Matt Blunt".

Matt Blunt



# Missouri Budget Policy Summary

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Missouri Policy Summary is also available on the Internet. The address is <http://www.oa.mo.gov/bp/bib2007>.

## Executive Summary

### Governor Matt Blunt's Fiscal Year 2007 Budget

**To make education the state's number one priority, Governor Blunt recommends:**

- \$137.2 million increase for the foundation formula, including \$15 million for the new Small Schools Program.
- \$6.1 million for the state's High Need Fund.
- \$1.8 million increase for the A+ Schools Program.
- \$1 million increase for the Parents as Teachers Program.
- \$33,006 for a children's summer reading program.
- \$17.1 million increase for Missouri's public two- and four-year colleges and universities.

**For Missouri's children, Governor Blunt recommends:**

- \$146.3 million for Missouri's State Children's Health Insurance Program, which includes a \$10.4 million increase.
- \$200,000 for youth mentoring through Amachi mentoring programs.
- \$1 million for the Department of Health and Senior Services to institute a new tobacco prevention program. The \$1 million comes from the Healthy Family Trust Fund -Tobacco Prevention Account, which receives its money from the tobacco Master Settlement Agreement and any future settlements from additional participating tobacco companies.
- \$493,864 to help reduce Missouri's youth suicide rates through increased awareness, education, intervention, and evaluation.
- \$276,750 to provide follow-up screening for newborns that test positive for Cystic Fibrosis.
- \$6.4 million to fund rate increases for residential care facilities that provide for children in the care of the departments of Mental Health and Social Services.
- \$2.6 million to establish a Child Support Call Center to streamline the structure and workflow for the enforcement of child support obligations.
- \$785,040 for the Department of Mental Health to partner with St. Louis to establish a substance abuse treatment program for teens.

**To create high quality, family supporting jobs in Missouri, Governor Blunt recommends:**

- \$38.5 million from the state's tobacco Master Settlement to expand life sciences in Missouri.
- \$394,457 for additional staff for the sales and finance teams, which are a part of the reorganization of the Department of Economic Development.
- \$10 million for the Jobs Retention Training Program.
- \$4.5 million for additional tourism programs to promote travel to, and within, Missouri. This will bring tourism funding to \$17.8 million.
- \$2.5 million for the Promote Missouri Program to advertise the benefits of doing business in Missouri.
- \$150,000 to create new Innovation Centers around the state.
- \$1 million for port capital improvements.

**To protect innocent life, Governor Blunt recommends:**

- \$169,512 to support the state's Alternatives to Abortion Program. This will bring funding to \$1.5 million.

**To improve Missourians' health, the Governor recommends:**

- \$6 billion for Missouri's Medicaid Program. An additional \$658.1 million new funding, which includes \$275 million additional state general revenue dollars.
- \$6.1 million emergency supplemental to fund Missouri's Utilicare program which provides assistance with heating costs to elderly, disabled, and low-income families.
- \$25 million in state funds to establish a Health Care Technology Fund that will support projects to explore new innovative ways that technology can improve the delivery of care, reduce administrative burdens, and address fraud, waste, and abuse.
- \$100,000 to investigate Medicaid fraud. Governor Blunt has directed the Department of Social Services to contract with a private agency to verify and investigate selected Medicaid cases.
- \$700,000 to establish and expand Community Health Centers in Hannibal, Jefferson City, Naylor and Poplar Bluff. This will bring state funding for these centers to \$8.7 million.
- \$2.4 million for the AIDS Drug Assistance Program which provides medication to persons who are HIV positive. Early treatment is important as it reduces the spread of disease to others, and decreases the number of AIDS cases and deaths by stopping the progression of the disease. This will increase funding for the program to \$16.1 million.

**For elderly and disabled Missourians, the Governor recommends:**

- \$27 million to provide a \$1 per hour rate increase to ensure quality care is being delivered to individuals receiving in-home services. This increase, combined with other executive new decision items, will bring funding for the in-home services program to \$416.7 million.
- \$44.2 million to cover prescription drugs for 150,000 elderly and disabled individuals who qualify for Medicare, and \$20.6 million to cover increased pharmacy costs for elderly and disabled clients through the Medicaid Program. These two items bring the Medicaid Pharmacy Program to \$661.8 million.
- \$50,000 for a senior center in Worth County—the only Missouri county without a senior center.
- \$16.1 million to serve additional seniors through the Department of Health and Senior Services' meals program. This will bring funding for Area Agencies on Aging to \$47.9 million, which is primarily used for congregate and home-delivered meals.
- \$2.6 million and 48 staff to increase the inspections of Missouri nursing homes and residential facilities. This will bring total funding to \$5.5 million.

- \$2 million to fund the Homestead Preservation Tax Act which gives a tax credit for qualified senior citizens and disabled taxpayers providing relief from burdensome increases in local property taxes.
- \$1.4 million to increase monthly Blind Pension benefits from \$510 to \$541 per month. This will bring funding to \$24.2 million.
- \$1.1 million for the Senior Nutrition Program, which will provide increased funding for congregate and home-delivered meals.
- \$531,340 to increase funding for Alzheimer's services administered by the Department of Health and Senior Services.
- \$300,000 to administer the New Freedom Program to provide public transportation services for persons with disabilities.

**To protect Missouri families, assist Missouri's law enforcement officials, and prevent crime, Governor Blunt recommends:**

- \$500,000 to update Missouri's mitigation plans for eliminating or reducing long-term risk to human life and property from natural and technological hazards, and bring Missouri up-to-date and eligible to receive all available federal disaster assistance.
- \$9 million for the third and last year of a phased-in pay increase for Missouri's state Highway Patrol troopers.
- \$2.4 million and seven staff for the first phase of an upgrade for the Southwest Missouri Crime Laboratory in Springfield. When the lab is fully staffed in Fiscal Year 2009, the state's investment will be \$1.75 million annually for ongoing lab operations.
- \$1.3 million to upgrade vehicle safety features on state Highway Patrol vehicles with fire suppression systems, side impact air bags, and safer radio racks.
- \$753,491 for the new Missouri Information Analysis Center, which will serve as a central base for intelligence sharing and analysis among law enforcement and emergency personnel at all levels of government.
- \$396,465 for emergency warning equipment for vehicles used by Highway Patrol officers, including those assigned to the Gaming Commission.
- \$300,000 for equipment upgrades for the state's Highway Patrol crime labs. This equipment will identify substances used in drug cases.
- \$200,000 for a new armored vehicle for the Special Emergency Response Team.
- \$144,000 to support the DWI tracking system and Fatality Analysis Reporting System.
- \$100,000 for investigative funds to help bust drug dealers across the state.
- \$58,500 to provide ongoing flight training for the Highway Patrol's pilots.
- \$49,600 for new tactical entry vests for the Special Emergency Response Team.
- \$350,000 for a law enforcement center at Lake of the Ozarks State Park.

**To protect Missourians and aid in the rehabilitation of offenders, Governor Blunt recommends:**

- \$1.6 million to open additional community supervision centers to support the Department of Corrections' efforts to manage the prison population efficiently and effectively. This increase brings total funding to \$3.5 million.
- \$2 million for renovations needed to open two new sexual offender units.
- \$1.9 million to address increasing commitments by the courts to the Biggs Maximum Security Unit at Fulton State Hospital.
- \$1.7 million to operate an additional treatment unit to confine sexual offenders.
- \$2.1 million for the continuation and expansion of existing Missouri Drug Courts to assist offenders with rehabilitation and address the root cause of problems that contribute to criminal activity.
- \$252,019 for the Department of Corrections to implement the satellite tracking of 30 high-risk, repeat sexual offenders.
- \$120 million in bond proceeds to build a new women's prison to replace the Chillicothe Correctional Center for Women.

**To support Missouri's agriculture industry, Governor Blunt recommends:**

- \$5.3 million to support biodiesel production payments anticipated in Fiscal Year 2007.
- \$625,000 for the Ethanol Producer Incentive Fund to support ethanol production and maintain current efforts to fulfill commitments made in previous years. This brings total funding to \$8.6 million.
- \$483,000 to support boll weevil eradication efforts for Missouri's 483,000 acres of cotton.
- \$15,000 to enhance Missouri livestock exports through a Quality System Assessment Program that will verify cattle origin and age for foreign market buyers.

**To care for Missouri's veterans and emphasize Missouri's commitment to those who serve in the military, Governor Blunt recommends:**

- \$2 million for overtime costs to ensure quality care to the veterans residing at Missouri's seven veterans' homes.
- \$1.5 million for increased pharmaceutical and other costs at veterans' homes.
- \$831,854 to provide a pay adjustment for critical nursing staff working in veterans' homes.
- \$115,391 for the Veterans Service Officer Program to provide additional staff that will assist Missouri veterans in accessing benefits provided through the federal Department of Veterans Affairs.
- \$200,000 for the Missouri Military Family Relief Fund to help provide for the financial needs of families of the Missouri National Guard and Reservists on active duty.
- \$1.9 million to maintain security at Air National Guard bases in St. Joseph and St. Louis.

- \$304,080 to support National Guard armories for St. Joseph and Fort Leonard Wood.
- \$99,992 to provide start-up costs for the new armories located in Dexter, Pierce City, and an addition at Chillicothe.
- \$82,820 to ensure ongoing funding to staff the Veterans' Ombudsman Program.

**For safe and efficient transportation, Governor Blunt recommends:**

- \$405 million additional funds for road and bridge construction and maintenance.
- \$5 million for additional federal Transportation Enhancements Program funds. These funds can be used to enhance the appeal of Missouri by increasing the number of sidewalks, bike lanes, and trails. This brings total program funding to \$20 million for Fiscal Year 2007.
- \$2 million for the Safe Routes to School Program.
- \$1.9 million for the Small Urban and Rural Transportation Program, which will provide more access to public transportation in non-urbanized areas and support to small city transit systems.
- \$400,000 to maintain daily, round-trip passenger rail service between St. Louis and Kansas City.
- \$382 million available from Amendment 3 bond proceeds to be used for road and bridge projects.

**To maintain a high-performing, efficient workforce, Governor Blunt recommends:**

- \$93.6 million for a four percent pay raise for all employees.
- \$38 million to continue to provide the state's share for health insurance coverage for state employees.
- \$11.9 million to provide an adjustment for critical state positions with high turnover rates that are the most difficult to fill, including corrections officers, nurses, and certain state law enforcement officers.
- \$9 million for the third and last year of a phased-in pay increase for Missouri's State Highway Patrol troopers.

**To protect Missouri's environment, Governor Blunt recommends:**

- \$1.6 million to enhance water resource assessment and monitoring statewide, ensuring the safety and quality of the state's water.
- \$1.1 million to enhance voluntary regulatory compliance through initial customer assistance visits.
- \$286,638 to determine applicable water quality standards for selected bodies of water throughout the state.



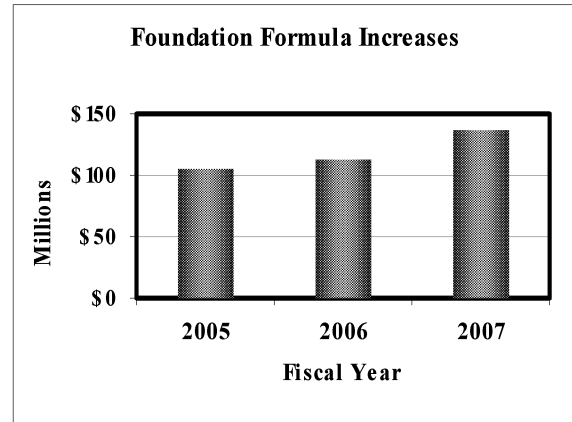


# 2006 / Fiscal Year 2007 Priorities

## Increased Funding for Education

Governor Blunt is committed to maintaining education as the state's top public policy and budget priority. Governor Blunt's Fiscal Year 2007 budget includes an increase of \$167.1 million to support education, of which \$137.2 million will fully fund the new foundation formula and the new Small Schools Program. With this funding, the Blunt administration will have secured and recommended \$325.1 million additional dollars for education. The Governor also recommends:

- \$6.1 million for the state's High Need Fund.
- \$1.8 million increase for the A+ Schools Program, which brings total funding to \$18.2 million.
- \$1 million increase for the Parents as Teachers Program which brings total funding to \$32.3 million.
- \$17.1 million increase for the state's two- and four-year public colleges and universities. This brings total core funding to \$875 million and will result in public colleges and universities receiving greater funding than at any time since Fiscal Year 2001.



## 2006 Legislative Priority Our Students First

Governor Blunt's Our Students First Initiative is aimed at ensuring that Missouri taxpayer money is directed first to Missouri's classrooms. Our Students First:

- Ensures that at least 65 percent of every dollar of a district's operating budget is spent on classroom expenditures.
- Increases the pool of funds for teacher salaries, to provide more resources to teachers, and to aid them in educating Missouri students.
- Includes a yearly waiver provision for districts who cannot meet the goal due to unforeseen expenses or other prohibitive costs such as transportation or maintenance.
- Requires voter approval on the November 2006 ballot.

## Improving Math and Science Education

Governor Blunt is committed to working with educators and the business community in the state to improve math and science education. Missouri and the United States are turning out fewer engineers and highly skilled professionals in the areas of math and science. Missouri's current and future workforce must be prepared for the demands of the future.

- The Governor intends to host a Math and Science Summit in 2006.

# Putting Missouri's Children First

*"Missouri's children deserve the best. We must do everything we can to provide for their safety, their education, and their future."*

*- Matt Blunt*

## 2005 Successes

### Increased Education Funding and a New Foundation Formula

The budget the Governor signed for Fiscal Year 2006 increased education funding by \$158 million, a significant increase of 4.4 percent. The Fiscal Year 2006 budget included a \$113.4 million increase for the foundation formula, a \$1 million increase for Parents as Teachers, and a \$3.8 million increase for the A+ Schools Program.



The Missouri General Assembly also took on one of the most difficult tasks for any state legislature, to pass a new foundation formula. The new school funding formula reflects the needs of Missouri students instead of the taxing capacity of the school district. The formula that was passed strikes a balance between rural and urban school districts and can be fully funded with revenues derived from reasonable economic growth. Depending on student enrollment over the next seven years, the new formula will provide \$800 million to \$1 billion new dollars for Missouri schools.

## **Fully Maintained the State Children's Health Insurance Program (SCHIP)**

Missouri's State Children's Health Insurance Program (SCHIP) is a responsible use of taxpayer dollars.

Eligibility levels for SCHIP were kept completely intact in Fiscal Year 2006 to ensure Missouri children have access to healthcare.

The General Assembly enacted and the Governor signed into law reasonable premiums for this program for those who earn 150 percent of the federal poverty level (FPL). For those already enrolled in the program who were then responsible for premiums as a result of the change, the Department of Social Services waived a previous rule requiring a 30-day waiting period and six months to re-enroll after failure to make payment. Children were re-enrolled in the program as quickly as possible on receipt of payment.

After payment of the premium, families have no other out-of-pocket expenses. SCHIP provides full healthcare to children in families whose income is up to 300 percent of the FPL. For a family of four with two children making about \$30,000 a year, the premium is \$12.00 a month per child for full health insurance coverage.

## **Increased Funding for A+ Schools**

Missouri's A+ Schools Program raises academic standards, opens new doors to higher education, and introduces students to the teaching profession through tutoring and mentoring activities.

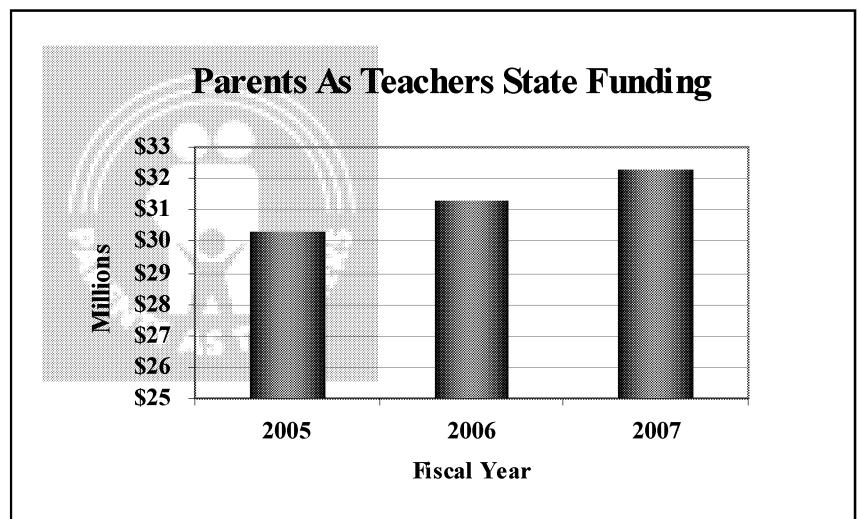
The program provides incentives for local high schools to reduce their dropout rates, raise academic expectations, provide better career pathways, and work more closely with business and higher education leaders.

In the Fiscal Year 2006 budget, the A+ Schools Program received \$3.8 million in additional funding, bringing total funding for the program to \$16.4 million.

## Increased Funding for Parents as Teacher

Parents as Teachers (PAT) is a successful, worldwide program with its origins in Missouri. PAT encourages parents to become involved early in their child's education. The program supports the parents' role as their child's first and most influential teachers. PAT provides parent education and developmental screening services to families from the time their children are born until they are five years old.

Governor Blunt secured a \$1 million increase for PAT, bringing total program funding to \$31.3 million. This additional funding allows more visits from PAT educators for children between the ages of three and five and expansion of programs for parents for whom English is a second language.



## Missouri's After-School Programs: Supporting Today's Workforce, Building Tomorrow's Leaders

Just 12 percent of children in Missouri's working families have access to after-school programs, while 33 percent of these children are unsupervised in the afternoon. After-school programs play an important part in keeping children safe and keeping their parents' minds at ease during the hours when many are completing their work day.

Working with the Missouri After-School Network, Governor Blunt traveled the state to host five mini-summits in Kirksville, St. Louis, Kansas City, Columbia, and Cape Girardeau.

These events highlighted the work, the benefits, and the needs of after-school programs in Missouri.

The five summits helped begin to build more positive, supportive relationships between area businesses and local after-school programs.

## **Protecting Children who are Abused and Neglected**

Governor Blunt signed HB 568, which allows the Department of Social Services Children's Division and juvenile and civil courts to exercise discretion in placing a child back into the home under certain circumstances. This new legislation ensures that when reunification of a child with their family is possible, it occurs, and allows those with the best knowledge of the situation to determine the best interest of the child.

This bill also requires the court to appoint a guardian ad litem in any proceeding in which child abuse and neglect is alleged. The guardian ad litem serves as an advocate to represent the child's best interest and well-being.

Because of this legislation, the Children's Division is better able to recognize and treat the needs of children under the age of ten who may have been abused and/or neglected.

## Increased State Payments for Residential Care for Children

Across the state, there are many dedicated and caring staff members and volunteers who care for and serve children that require residential care. Governor Blunt thanks these providers, such as Boys and Girls Town, Edgewood, the Ozanam House, and others, and their volunteers, employees, and members for their work and dedication to the future of Missouri's children.

These groups have been providing their services for fees that do not reflect the actual cost of providing that care. Governor Blunt made shrinking that gap a priority this past year. The Governor's budget included a \$10 per day increase, and the Governor was able to sign a budget that included a \$5 a day increase in payments to service providers of residential care for abused and neglected children.



UPI Photo/Bill Greenblatt

# 2006 / Fiscal Year 2007 Priorities

## Missouri Life Sciences Research

The fast-emerging field of the life sciences industry is an integral part of Missouri's economy. It provides \$24 billion in annual economic benefit and thousands of high-paying jobs. To support Missouri's place as a leader in this industry, the Governor has:

- Established the Missouri Life Sciences Research Board to administer funds received from the state's tobacco Master Settlement Agreement.
- Recommended \$38.5 million for the Life Sciences Research Board from the tobacco Master Settlement Agreement.
- These funds will be used to improve the health and well-being of Missourians by accelerating competitive scientific projects, building research and commercialization capacity at leading Missouri institutions, and supporting commercialization efforts that create new jobs and investment.

## Jobs Incentive Programs in Missouri

Last year alone, Missouri created more than 28,000 new jobs, while unemployment fell to its lowest level in four years. Since the beginning of 2005 through November, Missouri manufacturing employment increased by 6,000, or 1.9 percent. Overall, U.S. manufacturing declined over the same period by 0.3 percent, or 37,000 jobs.

- With the Missouri Quality Jobs Act signed into law by Governor Blunt in July 2005, additional successes are expected in 2006 in job creation and retention.
- The Department of Economic Development has also completed a review of Missouri's incentive programs and will move forward with approved recommendations to best utilize Missouri's job creation potential.

## Tourism in Missouri

The Governor supports Tourism in Missouri.

- Governor Blunt has recommended \$4.5 million additional dollars for the Tourism Division within the Department of Economic Development to fund activities such as advertising and cooperative partnerships. This brings total state funding for tourism to \$17.8 million.
- Tourism in Missouri has also been positively impacted by the use of Missouri's successful Historic Preservation Tax Credits.
- Heritage tourism is important to Missouri. Governor Blunt supports historic renovation and the use of new and innovative partnerships to bring more people to discover Missouri.



# Creating Jobs and Opportunities for Missourians

*“Improving our business climate makes Missouri more competitive for economic development opportunities. For Missourians, that means more jobs and an opportunity to care for their families and plan for the future.”*

*- Matt Blunt*

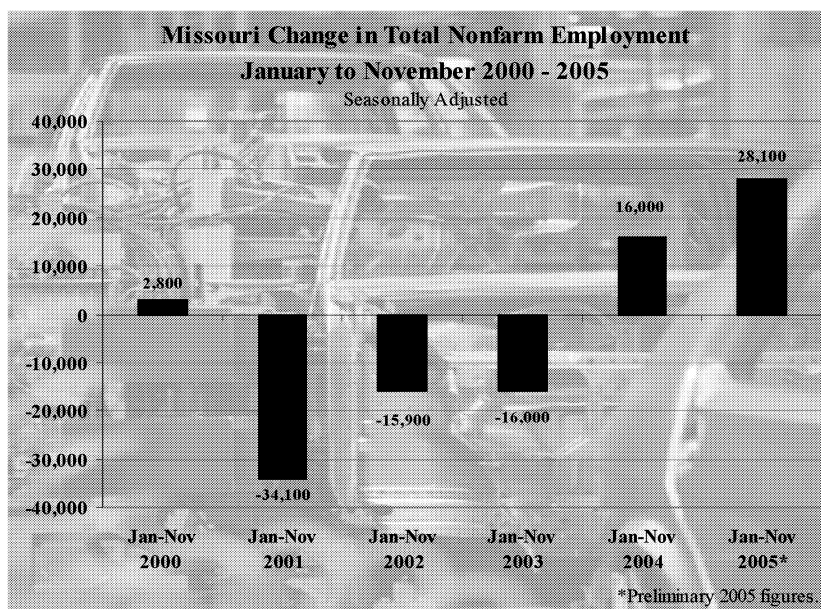
## 2005 Successes

### An Improved Business and Entrepreneurial Climate

Through the early fall, the unemployment rate in Missouri was at its lowest level in four years. Through the third quarter of 2005, exports were \$800 million ahead of last year when the state set an export record of \$9 billion. The per capita income of Missourians continues to rise, and as of November 2005, the state has seen 28,000 new jobs.

The cost of doing business in Missouri is about 13 percent below the national average index calculated by the Milken

*As of November, more than 28,000 new jobs had been created in 2005. That is an average of more than 500 new jobs each week.*



Institute, a San Diego-based economic think tank. The calculation, reported in August, is based on wage costs, tax burden, electricity costs, and industrial and office rent costs.

Litigation reform and workers' compensation reform were priorities for the state prior to the Governor's election. The passage and signing of these reforms were symbols of the changes that are being made and are to come to improve opportunities in the state for all Missourians to have quality, family-supporting jobs, and access to health care services.

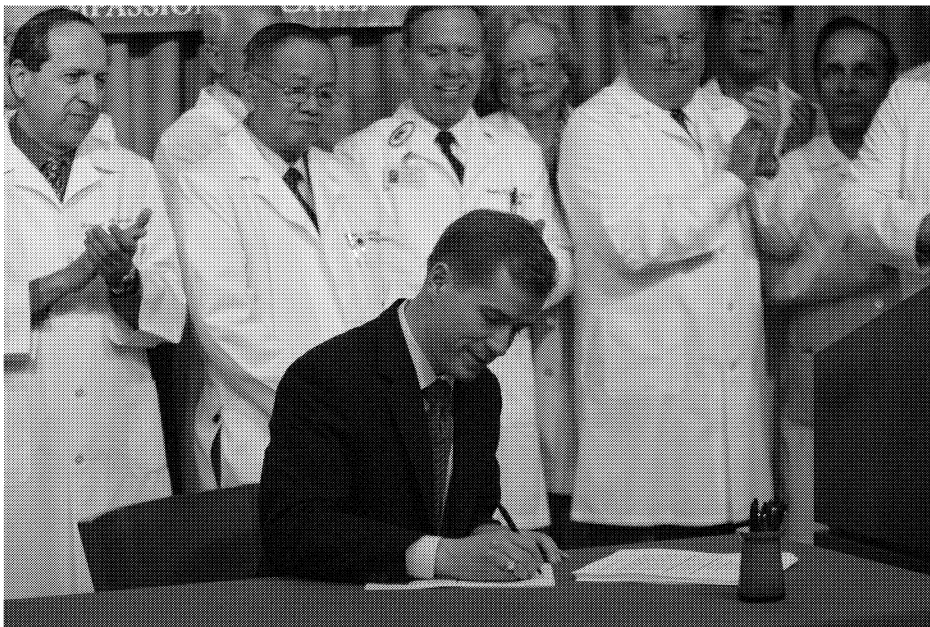
Both litigation reform and workers' compensation reform bring common sense and balance back to Missouri's laws. The need for these changes was evident. Previously, the U.S. Chamber of Commerce had ranked Missouri 41<sup>st</sup> out of all states for its business/legal climate.

## Litigation Reform

Around the state, Missouri's hospitals and healthcare providers saw the effect of high malpractice insurance premiums as doctors left the state, stopped practicing, and applicants for competitive specialties dwindled.

Under the new law, an attorney must have an affidavit from a bona fide clinical peer of the accused to attest that malpractice

has, in fact, actually occurred. To address the problem of frivolous and ridiculous lawsuits, the litigation reform bill that was passed also restricted so-called "venue shopping", reduced joint and several



liability, and placed caps on punitive and non-economic damages.

Already, hospitals are seeing the positive impact of the passage of these reforms in the successful recruitment of new doctors.

This legislation has also meant a boost for Missouri's business community. Under the new litigation reform laws, Missouri's small businesses and entrepreneurs are able to operate without the constant fear of unfounded lawsuits that previously could have threatened their businesses' viability.

## **Workers' Compensation Reform**

Workers' compensation costs were driving employers from Missouri and putting the state at a competitive disadvantage for economic development opportunities. The legislation that was passed and signed by Governor Blunt controls premium increases by ensuring employers are liable only for injuries for which they are directly responsible. The workplace accident or occupational exposure must be the "prevailing" factor in causing the injury or disability.

If the employee fails to obey the employer's policy on alcohol and drug use in the workplace, in conjunction with the workplace injury, the benefits will be reduced by 50 percent. If the alcohol or drug use is found to be the proximate cause of the injury, the benefits will be forfeited.

In addition, under the new law, any person who knowingly presents or causes to be presented a false or fraudulent workers' compensation claim shall be charged with a Class D felony.

## The Missouri Quality Jobs Act

Governor Blunt and the Missouri Department of Economic Development looked to other states to find innovative job incentive programs that focused on bringing in and retaining family-supporting jobs for citizens. The Missouri Quality Jobs Act is based on similar programs in Oklahoma and Kentucky and has already been a powerful tool in Missouri to attract and retain quality, high-paying jobs.

The Missouri Quality Jobs Act has four parts and is targeted at industries that are essential to Missouri's growth—small and expanding businesses, technology businesses, and high impact projects. This program allows employers to keep a portion of the income tax withholding paid to employees in new or retained jobs.

The focus of the Missouri Quality Jobs Act is to create high-quality, high-paying, family-supporting jobs. In order to participate, employers must provide employee health insurance and pay at least 50 percent of the premiums. In addition, the jobs that are created or retained must be at or above the average county wage.

Since Governor Blunt signed the Missouri Quality Jobs Act into law, companies like Express Scripts and Pfizer have utilized the program to both keep and create new jobs in Missouri.

## The Governor's Advisory Council for Plant Biotechnology

In April, Governor Matt Blunt announced the creation of the Governor's Advisory Council for Plant Biotechnology to help Missouri secure its place in the next great economic and technological revolution. It is the first group of its kind in the nation.

The advisory council is charged with analyzing the state's current life sciences environment to determine how the state can better capitalize on the industry's potential. The council will serve as an aggressive recruitment committee to attract new life sciences companies to Missouri, and will determine if a state-based regulatory structure is desirable.

The council, including scientists, businessmen, venture capitalists, and an economist, will report to the Governor on how Missouri can leverage its current assets, both financial and human, to drive development of this new industry.

*Through the third quarter of 2005, exports are \$800 million ahead of last year, when the state set an export record of nearly \$9 billion.*



## 2006 / Fiscal Year 2007 Priorities

### Maintaining Missourians' Access to Care

To maintain access to care for low-income Missourians, Governor Blunt recommends \$6 billion in total funding, which is an increase of \$659 million. Over 900,000 Missourians will receive Medicaid in Fiscal Year 2007, which represents one in every six Missourians. The Governor also recommends:

- A \$1 per hour increase for in-home healthcare providers. This will be a \$27 million increase, which will bring Fiscal Year 2007 recommended total funding for the in-home services program to \$416.7 million.
- \$700,000 to establish and expand community health centers in Hannibal, Jefferson City, Naylor, and Poplar Bluff. This will bring state funding for these centers to \$8.7 million.

### Establishment of the Health Care Technology Fund

Governor Blunt has recommended \$25 million in state funds to establish a Health Care Technology Fund.

- This fund will support projects that promote the use of technology in healthcare, and create data and automation systems that provide critical information about the population served.
- The Governor will also establish the Missouri Health Information Technology Taskforce to analyze and develop recommendations to modernize Missouri's healthcare delivery system.

### Patients' Right to Know Initiative

To improve patients' access and understanding of healthcare quality and costs, the Governor:

- Believes providing easier access to this information will help Missourians make informed healthcare decisions.
- Has asked the Department of Health and Senior Services to create a comprehensive tool that allows Missourians to easily access healthcare quality and cost information.

### Chronic Care Improvement Program

The Department of Social Services is currently in the process of implementing a Chronic Care Improvement Program.

- Through care coordination, the program will increase involvement of the central primary healthcare provider, empower patients to perform healthcare self-management, and utilize existing community resources and health infrastructures.

### Eliminating Waste, Fraud, and Abuse in Medicaid

Governor Blunt has recommended an additional \$100,000 to investigate Medicaid fraud.

- The Governor has instructed the Department of Social Services to contract with a private agency to verify and investigate selected Medicaid cases. Similar programs in other states have recovered ten to twenty dollars on every dollar invested in contracted services.

# Improving Missourians' Health

*“Improving Missourians’ health means improving Missourians’ quality of life. The state must join with the people to find innovative solutions to minimize the impact of the rising cost of healthcare.”*

*- Matt Blunt*

## 2005 Successes

### **Preserving Access to Healthcare for Children, Pregnant Women, and the Blind**

In 2005, Governor Blunt preserved healthcare coverage for children, pregnant women, and the blind.

The State Children’s Health Insurance Program is a good investment of taxpayer dollars. Children who are healthy miss fewer days of school and are better able to learn in the classroom.

Protecting healthcare for pregnant women also helps to encourage expectant mothers to seek prenatal healthcare, advice and assistance, and reflects Governor Blunt’s belief in the sanctity and value of innocent life.

### **Increased Pay for Providers of In-Home Services**

The Governor has highlighted the importance of in-home care to allow senior citizens who need assistance to remain in their homes and their communities. Governor Blunt recommended a \$2 per hour increase for in-home care providers. He was able to sign a budget that enacted a 64-cent per hour, \$13.6 million, rate increase. This increase brought total funding for in-home care services in Fiscal Year 2006 to \$378.8 million.

## The Healthy Missourians Initiative

The Governor's "Healthy Missourians Initiative" outlines a number of actions to help address the obesity problem and encourage healthier living, including:

- Supporting family-focused community activities that provide healthy nutrition and physical activity opportunities.



UPI Photo/Bill Greenblatt

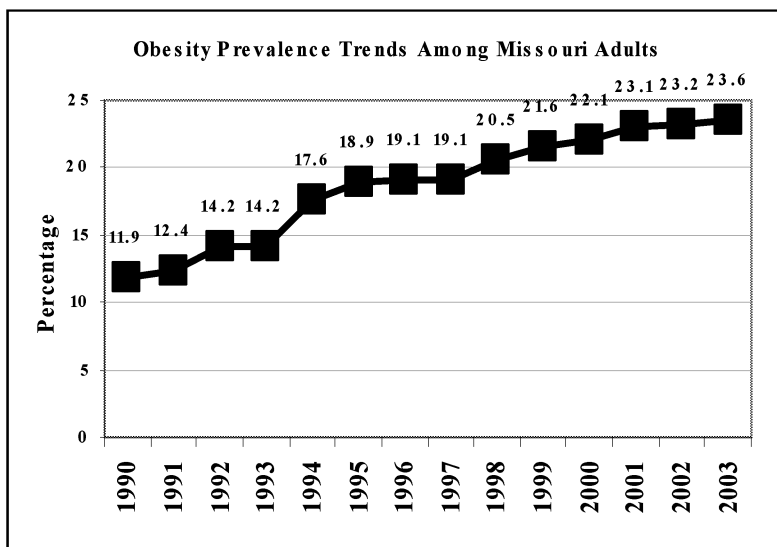
- Helping schools and child-care facilities identify resources to assist families with children at risk for obesity.

- Recognizing successful approaches used by employers to improve nutrition, physical activity, and breastfeeding practices of employees.

- Providing training, resources, and assistance to schools, child-care facilities, families, communities, and employers.

- Providing support for primary health care facilities to address obesity risks in early stages.

- Informing public officials about the health and economic costs of obesity.





## **An Increased Focus on Waste, Fraud, and Abuse**

Strong policies to root out and address waste, fraud, and abuse in Missouri's Medicaid Program have focused on both recipients and providers. Aggressive investigations have targeted systematic and anomalous patterns. These actions, along with reverification of eligibility, are resulting in increasing efficiency.

The largest tragedy of Medicaid fraud is that those who misuse, abuse, and steal from this system are stealing from every taxpayer in this state. They are taking taxpayer dollars that should rightfully be used to support and maintain a needy Missourian's healthcare and quality of life.

*Over 900,000 Missourians  
will still receive Medicaid  
benefits in Fiscal Year  
2006. This represents over  
16 percent of  
Missourians.*

There are many good, upstanding physicians and providers who abhor the crimes that are committed against Missouri's social welfare system.

The state's focus must be first on the prevention of fraud, to stop improper payments before they go out, and avoid the lengthy and expensive process of litigation. Efforts will continue to increase efficiency and fraud prevention.

- Medstat, Medicaid's tool for identifying fraud, was expanded since Governor Blunt took office. As of November 2005, this program's cost avoidance and cash recoveries increased by \$4.9 million dollars.
- The efforts to recover funds when a third party payer owes Medicaid money were successful in collecting over \$42 million since last January. This is an increase of \$12.3 million.
- Through renegotiating transportation contracts, the state was able to save over \$15 million annually and more efficiently utilize federal matching funds to further reduce the state's costs by over \$3 million annually.

- Governor Blunt called for an increased emphasis on annual reverifications which resulted in the completion of more reinvestigations and over the course of the year has saved the state an estimated \$104 million.
- The Department of Social Services (DSS) has increased efforts to identify and eliminate provider fraud. Through the use of technology, like the Fraud Abuse Detection System and Program Integrity staff efforts, DSS continues to improve the monitoring of program compliance by providers.
- Medicaid will save \$2.4 million per year by renegotiating the arrangement to provide CPAP (continuous positive airway pressure) and BiPAP (bi-level positive airway pressure) machines so that payments for the equipment are more like a lease-purchase, ensuring that the rental price of the machine does not exceed its purchase price.

### **Maintaining Sustainability of Medicaid**

Medicaid is in place to provide a safety net for those who truly need assistance. However, Missouri's Medicaid Program was growing at more than five times the rate of inflation and threatening the ability of the state to fund other core functions. Difficult decisions, which had been put off for too long, needed to be made to rein in the growth of this system and maintain the sustainability of Missouri's important healthcare safety net.

- Prior to Fiscal Year 2003 the elderly and permanently disabled eligibility level was between 74 and 77 percent of the federal poverty level. In Fiscal Year 2003, the eligibility level was expanded to 80 percent, then 90 percent in Fiscal Year 2004, and by executive order to 100 percent of the federal poverty limit in Fiscal Year 2005.
- Medicaid reforms passed in 2005 make reasonable changes to roll eligibility levels for the elderly and permanently disabled to 85 percent of the federal poverty level and those affected can still participate through spenddown. This change is still above the eligibility levels for Fiscal Year 2003, just three years ago.



# 2006 / Fiscal Year 2007 Priorities

## 2006 Legislative Priority

### **Prohibiting Abortion Providers from Teaching in Schools**

Currently, some school districts around the state allow Planned Parenthood and other abortion providers to offer sex education in their schools. Governor Blunt believes that these providers should not be providing information to Missouri school children. The Governor proposes legislation:

- That will prohibit any public elementary or secondary institution from allowing abortion providers to present sex education programs to students.

## 2006 Legislative Priority

### **Conscience Protection for Pharmacists**

Currently, Missouri law provides conscience protection for certain medical professionals with respect to abortions. Recently, pharmacies have taken action against pharmacists who refuse to fill prescriptions for RU-486 or the so-called morning after pill. The Governor proposes legislation that:

- Protects the conscience rights of pharmaceutical professionals. Pharmacies cannot require any employee to perform, assist, recommend, refer for, or participate in any service involving a particular drug or device they have a good faith belief is used for abortions.
- Protects pharmaceutical professionals from civil or criminal liability and from actions against their professional license if they invoke their conscience rights protections.
- Prohibits employers from refusing to hire, discriminating against, segregating, or terminating a pharmaceutical professional because of their opposition to any service involving a particular drug or device that they have a good faith belief is used for abortions.

## 2006 Legislative Priority

### **Tax Credits to Support Alternatives to Abortion**

Governor Blunt supports programs that offer alternatives to abortion. Pregnancy resource centers and crisis pregnancy centers are non-residential facilities that provide assistance designed to support pregnant women, offer support, and encourage birth rather than abortion. To support the operation and establishment of these successful programs, the Governor proposes a tax credit for individuals and businesses that make donations to these centers. The Governor's proposal:

- Allows an income tax credit for 50 percent of the donations.
- Limits each credit to \$50,000 per individual or business.
- Limits the maximum amount of credits that can be issued in one year at \$2 million.

# Representing Missourians' Values

*“Missourians value and respect the sanctity of life, and it is our responsibility as public officials to uphold these important values by protecting innocent life.”*  
- Matt Blunt

## 2005 Successes

### 2005 Special Session Passing Meaningful Pro-Life Legislation

Governor Blunt shares a respect and a dedication to the sanctity of human life with a majority of Missourians. As the first pro-life Governor in over a decade, one of Governor Blunt's highest priorities was enacting meaningful legislation to protect innocent life and turn the tide in Missouri to build a culture that respects human life and values the health and welfare of young women. Legislation the Governor signed:

- Prohibits taking minors across state lines to obtain an abortion without the consent of a parent or guardian. Parents should be notified before an abortion is performed on their minor child, just as they would for any other major medical procedure.
- Requires physicians who perform or induce abortions to have clinical privileges at a hospital which offers obstetrical or gynecological care located within thirty miles of the location at which the abortion is performed or induced. This will help ensure that quality medical care is available should complications occur with the abortion procedure.

# 2006 / Fiscal Year 2007 Priorities

## 2006 Legislative Priority

### Protecting Children from Sexual Predators

To implement tougher penalties to protect Missouri children, Governor Blunt proposes:

- Mandating a minimum sentence of 25 years in prison for a first offense of statutory rape, statutory sodomy, or sexual trafficking involving a child under the age of 13. In addition, a suspension of imposition of the sentence would be prohibited.
- Adding individuals who have plead guilty to, or been found guilty of, an offense against a child under age 13 to the current lifetime monitoring law.
- Increasing the current maximum sentence for predatory and persistent sexual offenders.
- Increasing minimum penalties for Internet sex offenders.
- Improving the state's sex offender registry to mandate reporting periods to keep information and distinguishing characteristics current. Offenders would also be required to take an updated picture for the registry annually.

### Keeping Dangerous Offenders in State Custody

The Department of Mental Health administers the housing and security of civilly committed sexually violent predators. The Governor's budget includes:

- \$2 million to renovate existing facilities to open units to house these sexual offenders.
- \$1.7 million to operate an additional treatment unit to confine sexual offenders.

### Better Tools for Law Enforcement

Law enforcement personnel risk their lives each and every day to protect Missourians. Officers across the state continue the fight against meth and other crimes that threaten the safety of Missourians. The Governor's Fiscal Year 2007 budget includes:

- \$13.4 million for the Missouri Highway Patrol's final phase of a three-year pay increase, the phase in of a full-service crime lab in Springfield, vehicle safety upgrades, and crime lab equipment improvements.
- \$271,021 to retain other critical state law enforcement personnel.

### A New Women's Prison

Nationally, women are being incarcerated at twice the rate of men. This is true in Missouri as well. The current Chillicothe Correctional facility was built in 1895, was never designed to be a prison, and is out-dated.

- For the safety of the public and the Corrections employees who work at the old facility, the Governor has recommended \$120 million in bond proceeds to construct a new women's prison.

# Protecting Missourians

*“The criminal laws of this state should embody the values and expectations of the people of Missouri.”*

*- Matt Blunt*

## 2005 Successes

### Combating Missouri's Meth Epidemic

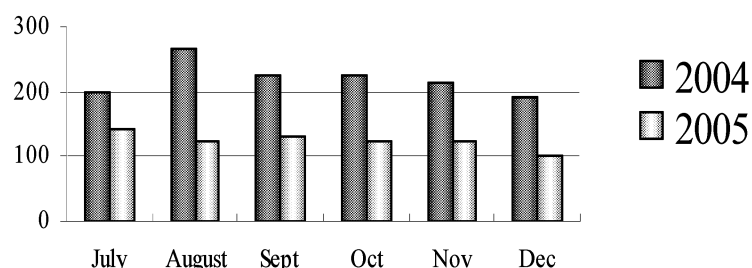
Missouri has led the nation in methamphetamine incidents for several years in a row. In fact, Missouri has typically had about twice as many incidents as the next closest state. In 2004, for example, Missouri was first in the nation with 2,788 incidents while Iowa was second with 1,300. In 2003, Missouri was first with 2,860; Iowa was second with 1,240; and California was third with 1,239.

To put that in even greater perspective, Missouri has accounted for 17.4 percent of the nation's meth incidents over

the course of the past two years. Governor Blunt spearheaded new legislation that:

- Limits the quantity of pseudoephedrine and ephedrine products, the key ingredients needed to make meth. Individuals can buy up to 9 grams per month (3 larger sized boxes of cold tablets).

**Tracking Missouri's  
Methamphetamine Incidents**



\*SB 10-Pseudoephedrine Control-Signed into law 06-15-05, effective 07-14-05

- Elevates products containing pseudoephedrine and combination products containing ephedrine and pseudoephedrine to the level of a Schedule V controlled substance.
- Requires pseudoephedrine and ephedrine products to be kept behind a pharmacy counter and sold only by a pharmacist or a pharmaceutical technician. Compounds in liquid or liquid capsule form are exempt because meth cannot be readily manufactured from these products.
- Requires individuals who want to purchase restricted products to show a photo ID card.
- Requires pharmacies to maintain purchase logs and make them available for inspection to law enforcement officers.

## **Strengthening Missouri's Sex Offender Laws**

Sex offenders and those who prey on children violate Missouri's most basic values. Missouri must make sure its laws protect the public, especially vulnerable children.

Governor Blunt and the Missouri General Assembly took action last year to strengthen Missouri's sex offender laws, enacting legislation that is among the most aggressive in the country. Missouri joins only five other states that have Global Positioning Satellite (GPS) tracking programs or have passed legislation to implement a GPS tracking program for sex offenders. There are over 2,500 offenders incarcerated in Missouri for sexual crimes against children. Changes and additions to Missouri's law in 2005 include:

- Any sex offender who has previously been found guilty of a sex offense and commits another sex offense after August 28, 2005, against a victim less than 14 years of age shall be supervised by the Board of Probation and Parole for the duration of his or her natural life or to 65 years of age. A condition of parole is that the offender be electronically monitored via a GPS tracking device.



- Missouri sheriffs' departments are now allowed to maintain an Internet website which lists the registered sex offenders in their county, including the sex offender's photograph.
- The crime of sexual contact with a student was established for circumstances in which sexual contact is made by an adult teacher on public school grounds. Previously, no penalty existed for sexual contact that did not involve intercourse between a teacher and a student.
- The Missouri State Highway Patrol is now allowed to collect fingerprints from individuals employed in a capacity involving the care or supervision of minors.

## Missouri Joins the Amber Alert Web Portal

In May, Missouri joined the AMBER Alert Web Portal. The AMBER Alert Web Portal employs next-generation technology to engage and empower every organization, broadcaster, and citizen with the real-time information needed to save an abducted child's life.



UPI Photo/Bill Greenblatt

The AMBER Alert Web Portal enables law enforcement to sign-in and enter all of the necessary data regarding a missing child. For the first time, law enforcement officials can communicate live, directly with citizens, through a simple opt-in, sign-up process allowing the public to receive the real-time, locally-relevant AMBER

Alerts via different communication devices such as pagers, cell phones, and e-mails.

# 2006 / Fiscal Year 2007 Priorities

## 2006 Legislative Initiative Eminent Domain

To protect Missouri's home, farm, and business owners, the Governor will work to ensure state law provides for balance, by allowing government to exercise eminent domain only in limited circumstances where there is a clear and direct public purpose. To ensure Missouri property owners' rights continue to be protected under recent court decisions, the Governor recommends Missouri's eminent domain laws be modified to:

- Prohibit eminent domain use to take farm land for economic development purposes.
- Define just compensation, blight, public use, and good faith negotiations.
- Ensure property owners are made aware of their rights and there is adequate time for property owners to engage in the process.
- Allow for mediation and cost recovery.
- Protect land owners if a condemning authority acts in bad faith or does not use the easement for its original purpose within a given timeframe.
- Limit eminent domain powers to elected officials or their appointees, requiring governments to consider alternate routes or sites.

## 2006 Legislative Initiative Statewide Ten Percent Ethanol Standard

This year the Governor proposes that Missouri become the fourth state to move toward fuel produced in the Midwest and away from fuel produced in the Middle East.

- The Governor proposes legislation that will require all fuel sold in Missouri to contain a 10 percent ethanol blend.

## Continued Commitments to Producers of Renewable Fuels

To support the continued development of renewable fuels, the Governor's budget includes:

- \$5.3 million to the state's Biodiesel Producer Incentive Fund to support biodiesel production payments anticipated in Fiscal Year 2007.
- \$625,000 to fully fund Fiscal Year 2007 ethanol production and maintain current efforts to fulfill commitments made in previous years from the Missouri Qualified Ethanol Producer Incentive Fund, bringing total program funding to \$8.6 million.

## Quality Systems Assessment for Missouri Livestock

This past year the state, through cooperative efforts of the Missouri Department of Agriculture and the state's cattlemen, became the first in the nation to implement a Quality Systems Assessment (QSA) Program. Participation in the program places the state in a position to add value to its cattle and capitalize on the recent re-opening of the Japanese market.

- The Governor recommends \$15,000 to enhance Missouri's livestock exports through the QSA Program, which will verify cattle origin and age for foreign market buyers.

# A Renewed Commitment to Agriculture

*“Missouri’s agriculture community is an integral and important part of our state’s history, heritage, and future economic growth.”*

*- Matt Blunt*

## 2005 Successes

### A Renewed Commitment to Missouri’s Agriculture Industry

Working with Missouri’s farmers and agribusiness is a priority for Governor Blunt. The Governor believes that agriculture has significant potential for future growth in both the crop and livestock sectors.

The past year has brought exciting developments for the renewable fuels industry with a new ethanol production facility

coming online, in addition to a groundbreaking ceremony for the state’s first biodiesel plant. To support these efforts, the Governor provided full funding for the ethanol payments in his first budget and supported significant improvements to the Biodiesel Producer Incentive Program.



Legislation was passed and budget priorities were enacted in 2005 that began the renewed commitment to Missouri's agriculture community.

- The Missouri Qualified Ethanol Producer Incentive Fund was extended from its current sunset in 2007 to 2015, ensuring the state's commitment to the production of ethanol for nearly another full decade. This will give farmers added confidence to invest in additional production facilities.
- The Governor and the General Assembly made good on the state's current commitment to the Missouri Qualified Ethanol Producer Incentive Fund by providing the full \$5.4 million in funding this year. In addition, \$2.6 million of the funds owed from previous years was also provided (*about one-fourth of the total back payments owed*).
- Natural gas, propane, and electricity used by an eligible new generation cooperative were exempted from state taxation, providing a competitive advantage for Missouri's farmer-owned businesses.
- Legislation signed by the Governor this year also allows use of the state's general revenue fund to support the Biodiesel Incentive Fund. Missouri's first biodiesel plant, located in Mexico, Missouri, will begin production next fall. This legislation will help ensure that the Mexico plant competes favorably with production facilities in surrounding states while also laying the foundation for additional biodiesel production in Missouri.



## 2006 / Fiscal Year 2007 Priorities

### Missouri's Veterans' Homes and Cemeteries

Missouri's veterans' homes provide essential services to many of the state's veterans.

Governor Blunt's Fiscal Year 2007 budget includes:

- \$8.6 million to build a new veterans' cemetery in Ft. Leonard Wood.
- \$2 million for overtime costs to ensure quality care to the veterans residing in Missouri's seven veterans' homes.
- \$831,854 to provide a pay adjustment for critical nursing staff working in veterans' homes.
- \$1.5 million for increased pharmaceutical and other costs at veterans' homes.

### More Veterans Service Officers

The Governor recommends additional funding in Fiscal Year 2007 to strengthen the system of Veterans Service Officers, including:

- \$115,391 for additional Veterans Service Officers to aid veterans in accessing resources for healthcare, pensions, job and education opportunities, and other benefits.
- \$82,820 to ensure ongoing funding to staff the Veterans' Ombudsman Program.

### Support for the Missouri National Guard

To support the ongoing maintenance and security of Missouri's National Guard installations, Governor Blunt's Fiscal Year 2007 budget includes:

- \$1.9 million to maintain security at Air National Guard bases in St. Joseph and St. Louis.
- \$304,080 to support National Guard armories in St. Joseph and Fort Leonard Wood.
- \$99,992 to provide start-up costs for the new armories located in Dexter and Pierce City, and an addition at Chillicothe.

### Missouri Military Family Relief Fund

Governor Blunt is committed to supporting the brave men and women who serve in the National Guard and Reserves. The Missouri Military Family Relief Fund, part of legislation passed in 2005, authorizes contributions to provide assistance to the families of National Guard members or reservists who are on active duty.

- Governor Blunt recommends \$200,000 for this important program in his Fiscal Year 2007 budget.

# Caring for Those Who Have Served Us All

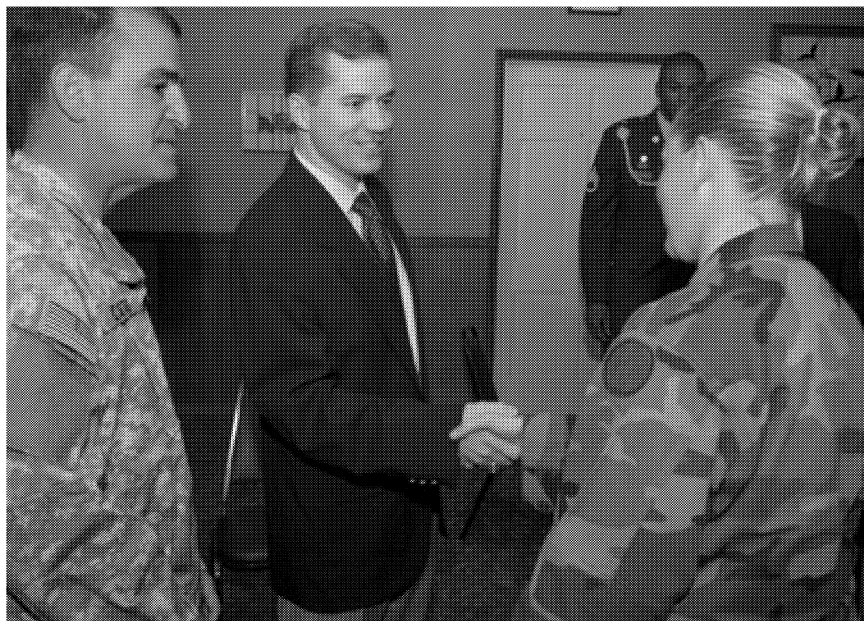
*"I have the greatest respect for those who have served and are serving in every branch of our military. We are the greatest country on Earth thanks to these brave men and women."*

*- Matt Blunt*

## 2005 Successes

### Caring for Missouri's Veterans

In 2005, Governor Blunt recommended and signed a budget that included \$13.7 million in general revenue to sustain the operations of Missouri's veterans' homes. The Governor is committed to caring and providing for Missouri's veterans. Supporting Missouri's veterans' homes was the right thing to do in the face of difficult budget times for all of state government.



## **Advisory Council for Veterans' Affairs**

In November 2005, Governor Blunt kept a campaign promise by establishing the Governor's Advisory Council for Veterans' Affairs.

The council will advise the Governor on ways to assist Missouri's veterans by identifying the needs of the aging veteran population, developing strategies for improving the delivery of services, increasing services to and awareness about the number of women veterans in the state, and promoting Missouri as a "military friendly state."

## **Missouri Military Family Relief Fund**

To help the families of those who are currently serving, the Missouri General Assembly passed and Lt. Governor Peter Kinder signed in the Governor's out-of-state absence, legislation to establish the Missouri Military Family Relief Fund authorizing a tax contribution check-off. The fund will be administered by the Adjutant General and will provide grants to families of servicemen and women who are members of Missouri's National Guard or Missouri residents who are members of the Reserve who have been called to active duty.





# 2006 / Fiscal Year 2007 Priorities

## Continued Good Stewardship of Taxpayer Dollars

Missouri state government faces a new budget year with a surplus, instead of a deficit. Continued good stewardship of taxpayer dollars and a focus on efficiency will continue to build Missouri's fiscal stability. Governor Blunt is committed to ending wasteful spending practices and implementing even more cost saving measures in Missouri's executive branch.

- The Governor's recommended Fiscal Year 2007 budget is the first in eight years to recommend fewer than 60,000 state employees.
- The Governor is committed to reducing the size of state government while continuing to increase efficiency and quality customer service for taxpayers.
- In the Fiscal Year 2007 budget, the Governor is recommending \$115,000 for the Commissioner of Administration to hire three staff to conduct on-going objective examinations of state expenditures and identify potential cost savings. They will provide detailed analysis of monthly expenditures, consult with agency personnel and Division of Accounting management, and make recommendations for lowering costs while maintaining or improving existing levels of service.

## State Employee Compensation

Missouri's employees have improved efficiency and productivity and done more with less. The Governor recommends:

- \$93.6 million for a four percent pay raise adjustment for all employees.
- \$38 million to continue to provide the state's share of health insurance coverage for state employees. This funding will maintain the state's current contribution rate.
- \$11.9 million to provide an adjustment for critical state positions with high turnover rates that are the most difficult to fill, including corrections officers, nurses, and certain state law enforcement officers.

## Minority- and Women-Owned Business Participation Programs

In September 2005, Governor Blunt created the Office of Supplier and Workforce Diversity to withstand constitutional scrutiny of the program and more adequately address the needs and obstacles of women and minority-owned businesses.

- The new office and structure will allow the state to be more aggressive in recruiting minority- and women-owned businesses to enter into contracts with the state and keep better records of the compliance of contractors.

# Responsible Stewardship of Taxpayer Dollars

*“Missourians deserve a government that works for them and spends their money wisely. We must rebuild trust and commitment.”*

*- Matt Blunt*

## 2005 Successes

Looking back over 2005, we see a historic session, a record year in job creation, and education put back where it rightly belongs, as the state’s top priority. Action taken in 2005 laid a firm foundation on which to build Missouri’s future. In 2006, Missouri state government no longer faces a \$1.1 million

deficit, but instead, a surplus - a surplus that was brought about by strong economic growth, increased tax revenues, sound fiscal management, and good stewardship of taxpayer dollars.



On his first day in office, Governor Blunt announced the closing of the state's Washington D.C. office, a freeze on the purchase of non-

emergency vehicles and cell phones, and the purchase and leasing of new office space for state agencies. Since the Governor’s first day in office, wasteful leases have been ended in favor of using state-owned space for a savings of \$2.2 million.

## **Savings in the Office of Administration**

The closing of the Washington D.C. office has saved and will continue to save the state more than \$160,000 in rent and staff salary annually. These actions on his very first day in office set the tone for a year that has produced results in cost savings, reduced waste, increased efficiency, and many other simple, commonsense, cost-saving measures that have saved millions of taxpayer dollars.

By improving personnel management, reorganizing staff and responsibilities in the Commissioner's Office, the Office of Administration (OA) was able to reduce staff by ten full-time positions without reducing services to taxpayers.

- OA's Facilities Management recognized privatization would result in significant savings. By moving janitorial and security services out of the state payroll and into the private sector, taxpayers will spend about \$1.6 million less for the same services. The switch will move 68 full-time positions in Kansas City, Springfield, St. Joseph, and St. Louis to private contractors.
- Instituted a statewide inventory and assessment of the state's real estate holdings. As a result, \$1.3 million of excess property has been sold and the funds deposited into general revenue.
- Directed the consolidation of state agencies within owned and leased facilities and terminated leases that were underutilized, which resulted in a reduction of 245,000 square feet of leased space and \$2.2 million in annual rent.
- Privatized the facility maintenance operations in St Louis and Springfield saving \$1.6 million annually while improving the overall condition of the state's facilities.

- Executed the State of Missouri's first Energy Performance Contract that authorized a \$4.2 million energy saving modification for two of the largest state office buildings. The modifications will be funded from the resulting utility savings and will not require additional appropriations.
- Combined the department's facilities management and construction oversight divisions, eliminating duplication and saving taxpayers over \$1 million annually.

### **Consolidating Missouri State Government's Information Technology**

Consolidating Information Technology (IT) services has allowed the state to be able to continue its key IT missions while realizing a savings of \$2.6 million.

- For example, consolidating authority over IT staff and budgets has allowed the state to avoid refilling IT positions through data network and server support consolidation.
- Consolidation has also allowed the state to prescribe one good tool to swipe hard drives on decommissioned computers which will ensure that citizen's confidential information will be erased from equipment sent to Surplus Property.
- Consolidating IT procurements as a statewide entity is cost effective. For instance, the division also renegotiated its telecommunications contract and initiated other cost reduction measures, which will reduce state agency telecommunications costs by \$835,000 in Fiscal Year 2006 and by at least \$400,000 per year through Fiscal Year 2010.

## **Commonsense Savings in the Department of Revenue**

Transitioning the state's 11 branch license offices into offices operated by contract agents accounted for nearly 200 of the total 309 full-time employee reductions in the Department of Revenue (DOR), and will save the state more than \$7 million each year. Meanwhile, customers statewide have seen no decrease in the department's commitment to customer service.

- The department has announced that beginning in January 2006, they will use postcard motor vehicle renewals instead of letter form notices, a change that will save about half a million dollars annually.
- DOR also ended newspaper and magazine subscriptions as well as food expenditures, reduced organizational memberships, cut its automobile fleet, and greatly limited travel. The department implemented commonsense spending of taxpayer dollars. For example, the department ended a \$4,000 per month consulting contract where virtually no work had been performed.

## **Cost Savings in the Department of Corrections**

The Department of Corrections identified substance abuse services they offered to offenders that were also offered by the Department of Mental Health. Corrections worked with Mental Health to consolidate the programs and erase the duplicative services.

- The Department of Corrections has also consolidated its inmate education services to save over \$1.4 million while ensuring that every inmate to be released will still have the same access to education.

## **Reorganization of the Department of Economic Development**

Under the department reorganization, the divisions of Business Development and Trade, and Community Development were merged into one operation to create efficiencies in how the department delivers its services to Missouri's businesses, communities, and related organizations.

- The merger will move more professionals out of Jefferson City and into the field to better serve communities and businesses, focus staff on the goals and missions of the department, and raise the department's expectations for results.
- The department's sales team will have regional and national responsibilities to seek out, respond to and partner with local officials to seek opportunities to create jobs, stimulate private investment, and increase local revenues. There also will be industry specialists whose sole responsibility will be to focus on their specialty areas such as agriculture, the auto industry, life sciences, and biotechnology.
- The marketing team will support the activities of the sales team by promoting Missouri as a great place to work and do business both nationally and internationally. The finance team will also lend its expertise to the sales team by packaging finance deals, suggesting appropriate incentives for communities, and writing proposals that will be most attractive to companies seeking to locate or expand in Missouri.
- The department's compliance team will provide on-site monitoring to ensure the department's incentive programs are being used correctly and that taxpayer dollars are receiving the best return on investment.

## **Reorganization of the Department of Revenue**

The Department of Revenue reorganized to promote its core mission of excellent customer service, good stewardship of taxpayers' dollars, and commitment to following the law. The department has reorganized into three divisions to reflect this mission:

- Customer Services
- Fiscal Services
- Legal Services

The biggest change was combining the previous Taxation and Motor Vehicle/Driver Licensing Divisions into the new Customer Services Division. The reorganization was designed to promote effective administration, improve consistency of customer service to all Missourians, enhance cross-training of employees, eliminate duplication, and save tax dollars.

## **Reorganization of the Department of Health and Senior Services**

The Department of Health and Senior Services, to ensure better utilization of resources and viability of services, has consolidated the Director's Office senior management. The department also:

- Consolidated the community, environmental, local, health information, epidemiology, and minority and women's health programs into a single Division of Community and Public Health.
- Separated the current Division of Senior Services and Regulation into two divisions - the Division of Senior and Disability Services and the Division of Regulation and Licensure.
- Consolidated all department-wide administrative and operational support functions under a central core reporting directly to the Department Deputy. These are functions that are global in nature and do not fit under a programmatic division.



## **Reorganization of the Department of Natural Resources**

The Department of Natural Resources implemented a reorganization in 2005 that has helped businesses, communities, and citizens to protect the environment. The reorganization:

- Established the Field Services Division. This new division will consolidate the department's five regional offices, its Environmental Services Program, and several related functions from other divisions.
- Improved communication by locating an ombudsman at each regional office. The ombudsman will be independent of the regional office and will inform the regional director and the department director of issues, concerns and problems, and assist in issue development. Removing some time-consuming responsibilities from the regional directors should free up more of their time to address their added professional, technical, and leadership responsibilities.
- Merged its Air and Land Protection Division with its Water Protection and Soil Conservation Division to form the Division of Environmental Quality. Eliminating a division within the agency will help to increase efficiencies within the department's existing budget, including the Ombudsman Program and additional satellite offices.

# Moving Missouri Forward

*“Building on the accomplishments of 2005, together we will continue working towards a brighter future for all Missourians.”*

*- Matt Blunt*

## Education

Education is and will remain the state’s top public policy priority. The Governor is committed to seeing that education receives more funding each year and to fully funding the new foundation formula for Missouri schools.

This year, Governor Blunt has proposed an initiative called Our Students First. Our Students First asks school district administrators to do just that, put their students first when budget decisions are being made and direct at least 65 cents of every operating dollar to their classrooms. With the passage of a new foundation formula in 2005, now is the time for Missourians to decide the level and type of accountability that they want with the tax dollars they send to their schools to educate their children and the children in their community.

The Governor’s goal is to improve education and the Governor is willing to work with the General Assembly, administrators, teachers, and anyone who wants to move education forward in Missouri to improve the provisions of the Our Students First Initiative. The definition of classroom expenditures that has been proposed is based on a national definition. This definition is a good starting point, but could be changed to better meet the needs of Missouri students.

Missouri students deserve the best. Education is, and always will be, the strongest weapon against tyranny and oppression, and the most useful tool in helping the state’s young people achieve their goals. A government that has failed its students has failed to look to the future.

## **Strengthening Missouri's Sex Offender Laws**

Missouri's future is also dependent on the tools that lawmakers give law enforcement officials to protect the people. In 2005, meaningful legislation to end the harmful methamphetamine epidemic that was threatening Missouri and many Missouri families was enacted along with aggressive legislation to strengthen Missouri's laws to punish sex offenders. This year, we must go further. Missouri lawmakers must examine the state's laws and improve them to protect our children, prevent instances of heinous sexual crimes against children, and severely punish those who prey on children.

Governor Blunt proposes implementing tougher penalties to keep these offenders away from Missouri's children. Changes to the law should be made to mandate a minimum sentence of 25 years in prison for a first offense of statutory rape or statutory sodomy involving a child under 13. To prevent these offenders from re-offending, Governor Blunt proposes requiring lifetime supervision of offenders who have committed statutory rape or statutory sodomy against a child less than 13 years old.

Missouri classifies certain offenders as being Persistent Sexual Offenders and Predatory Sexual Offenders. In order to ensure that these individuals are never able to harm any Missourian again, Governor Blunt proposes increasing sentencing for these individuals.

Giving parents the tools to protect their children from sex offenders is of the utmost importance. Improving the state's sex offender registry to mandate more frequent reporting periods in order to update information and distinguishing characteristics would do just this. Offenders would also be required to provide an updated picture for the registry annually.

Sexual crimes against children are particularly offensive and scarring to young people, and even one crime against a child is one crime too many. Governor Blunt looks forward to working with the General Assembly and Missouri's law enforcement officials to craft good, dissuasive, and effective legislation to protect Missouri's children and punish those who prey on them.

## **Enacting Meaningful Pro-Life Legislation and Policies**

A majority of Missourians share Governor Blunt's commitment to the sanctity of life, and the Governor is committed to representing those values and enacting strong and meaningful legislation to reduce abortions in the state.

The Governor supports legislation to prohibit abortion providers from teaching in Missouri schools. Missouri's young people should be taught responsible sexual behavior, but they should be taught first by their parents and they should never be taught by a provider of a procedure that many Missourians find morally offensive. To allow these organizations into schools violates a trust and a respect that must exist between parents and schools.

Governor Blunt also supports conscience protection for pharmacists who object on moral grounds to filling prescriptions for RU-486 or the so-called morning after pill. Doctors cannot be compelled to perform a procedure they believe to be wrong, and Missouri pharmacists should have that same protection.

Governor Blunt has also proposed a change in the law to allow tax credits for contributions to organizations that offer alternatives to abortion. There are many pregnancy resource centers and crisis pregnancy centers across the state. They exist mainly thanks to the generosity of donors and the dedication of many volunteers and staff. Choosing birth, rather than abortion, is a brave decision by a young woman and these successful programs offer the support, and in many cases, love and friendship that these young women need to make that choice.

## **Responsible Use of Eminent Domain**

In June 2005, the United States Supreme Court issued a decision in *Kelo v. City of New London* that greatly expanded the right of government to seize private property—a home, farm, or small business—and give it to other private persons or entities just because they can generate greater tax and other revenues.

Governor Blunt believes this decision was wrong, and that in Missouri, it is in the public’s interest to determine the appropriate use by government of eminent domain. Governor Blunt believes a balance must be struck to protect property owners’ rights and to allow the taking of private property only where there is a clear and direct public purpose. In June, shortly after the Supreme Courts decision in *Kelo*, the Governor appointed an Eminent Domain Task Force to examine Missouri’s laws and make recommendations for improvements.

Based on those recommendations, Governor Blunt believes that lawmakers must define “just compensation”, “blight”, “public use”, and “good faith negotiations”. Missouri lawmakers should strive to ensure that property owners are made aware of their rights and there is adequate time for property owners to engage in the process.

The law should also allow for mediation and recovery for private property owners and protect landowners if a condemning authority acts in bad faith or does not use the property for its original purpose within a given timeframe.

Eminent domain powers should also be limited to elected officials or their representatives and require governments to consider alternate routes and sites.

The Governor supported all the Taskforce recommendations and looks forward to working with the House and Senate to pass strong eminent domain laws that will protect the rights of private property owners.

## **Statewide 10 Percent Ethanol Standard**

In 2005, a new ethanol plant in Missouri came online, bringing Missouri's total operating ethanol plants to three, with a fourth expected to be in production in fall of 2006. The three plants produce approximately 115 million gallons of ethanol per year and add value to over 13 percent of Missouri's corn crop.

Ethanol has great economic benefits to the state. A study done in 2002 estimated that with five ethanol plants in Missouri the state would see almost 9,000 new jobs and more than \$87 million in new state and federal taxes. Missouri is well on its way to fulfilling that forecast.

Agriculture is an important part of Missouri's heritage, history, and future. Renewable fuels offer not only an opportunity for Missouri's farm families but an opportunity for Missouri and the nation to decrease our dependence on foreign oil, use more of this clean burning fuel, and improve the environment.

The Governor hopes to build on last year's success of the passage of full funding for Missouri's Qualified Ethanol Producer Incentive Fund by implementing a new ten percent ethanol standard for Missouri motor fuels. Missouri would be only the fourth state in the nation to adopt such a standard. Passage of this legislation will make Missouri a leader in both ethanol production and utilization.

## **The Missouri State Government Review Commission**

The bi-partisan Missouri State Government Review Commission (MSGRC) has completed its recommendations for improving Missouri State Government and presented those recommendations to Governor Blunt. The Governor has:

- Directed all state help and information lines, excluding crisis hotlines, be consolidated to allow Missouri citizens a single point of entry for state services. The state currently operates more than 50 help, information, or assistance lines. The Commissioner of Administration will oversee this effort. (*MSGRC recommendation number 40*)
- Called for a reorganization of the Department of Economic Development into a new results-driven unit. The department reorganization that was recently completed will provide coordinated and efficient service to businesses and communities and will lead to improved job creation, increased private investment, increased state, local, and private coordination, and greater economic opportunities for Missourians. (*MSGRC recommendation number 48*)
- Directed the Department of Agriculture to give increased emphasis to agricultural business development services, strengthen animal health services and agricultural export services, and develop new programs for youth and beginning farmers. (*MSGRC recommendation number 14*)
- Directed the Department of Public Safety to create and oversee a statewide emergency communications system. The system will fill in the gaps to ensure that federal, state, and local agencies can effectively communicate. (*MSGRC recommendation number 75*)
- Directed the Office of Administration to determine if it would benefit the state to pursue a consolidated health plan across all agencies. (*MSGRC recommendation number 17*)

- Directed that the review of unclaimed property reports submitted to the State Treasurer's Office by insurance companies be transferred from the Department of Insurance to the State Treasurer's Office. (*MSGRC recommendation number 21*)
- Directed all executive departments to use available resources to create strategically planned, goal-oriented, performance-driven programs to produce higher quality public services. (*MSGRC recommendation number 29*)
- Directed the Department of Elementary and Secondary Education to examine the best practices nationally to improve service delivery for severely handicapped children. (*MSGRC recommendation number 72*)
- Directed the Division of Fire Safety and the Missouri State Emergency Management Agency to coordinate hazardous materials training. (*MSGRC recommendation number 79*).

The Governor will continue to consider the remaining recommendations and will announce his intentions as they are finalized.